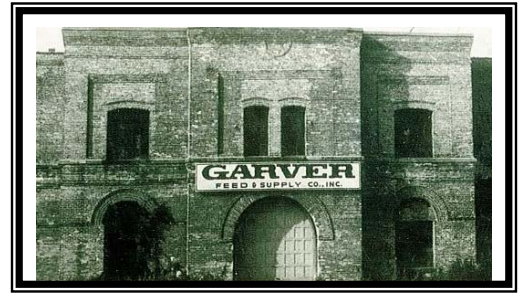


Garver Feed Mill Re-Use Committee

December 12, 2006

5:30 PM

Location: Madison Municipal Building, Room 120
(Parks Dept. Conference Room)



MINUTES

**Garver Feed Mill Re-Use Committee
Tuesday, December 12, 2006
Madison Municipal Building, Room 120
(Parks Dept. Conference Room)
5:30 PM – 7:30 PM**

I. Call to order and determination of Quorum 5 Minutes

Present: Barker, Birke, McFadden, Olson,
Absent: Palm, Skidmore
Staff: Rolfs, Sladky, Widstrand, Constans,
Other: Tim Sherry, Sue Thering, Betty Chewning,

Host-Jablonski arrived at 5:40 PM.

II. Review and Approval of Minutes 5 Minutes

Motion by Olson, second by Birke to approve the minutes. Motion carried.

III. Presentation of Neighborhood Meeting Results 20 Minutes

Host-Jablonski arrived at 5:40 PM.

Sue Thering presented the results of the neighborhood meeting. It was noted that the full report would be available on the website for the Garver Feed Mill Reuse Project.

IV. Discussion of Possible Ownership Frameworks 30 Minutes

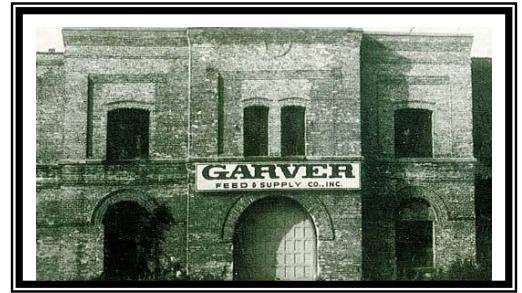
Tim Sherry presented different discussed ownership frameworks. He indicated that the building would need to be placed on the National Historic Register to qualify for the Federal Historic tax credit. This could be matched with State Historic Tax Credits. The process for getting the building on the National Historic Register was discussed, along with the timing and potential costs that would be added.

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It was noted that both interior and exterior construction and rehab costs would be “qualified costs”, under historic tax credits.

Widstrand indicated that fee simple title to the property is located with the City of Madison Parks Dept.

Owner (City of Madison)
Proj-LLC (Project LLC)
Investo (Investor)
M.M. (Managing Member)

Historic Tax Credits:

Sherry indicated that, under a Historic Tax Credits arrangement, the City of Madison would enter into either a Master Ground Lease (MGL) or sell the property to a Project LLC. Once the City of Madison sold or entered the MGL, the Project LLC would then complete the rehabilitation process.

Once rehab is complete, a Managing Member would operate the rehabilitated structure. The Managing Member would enter into an Operating Agreement (Op. Ag. LLC) with the Project LLC. The Investor then has a 5-year recapture provision (50/60/40/20/0). In the sixth year of the agreement (Operating Agreement), the Investor would then sell their interest back to another entity.

Under this arrangement, there is a portion called a “Put Arrangement” where the investor assigns their 99.99% interest in the property to another entity, for a price. No entity can force the investor to sell at the “Put Price”. However, the investor can be forced to sell it at a “Call Price”. “Call Price” is a fair market price.

The Investor is not required to sell their interest (99.99%) in either the New Market or the Historic Credit structure. If they do not want to sell their interest, they will only be forced to sell the project at the Call Price.

The Project LLC will enter into a Property Management arrangement with another entity to pay for property management costs. The Investor will get a small (1% - 3%) return (cash-on-cash return) over the time that they own their 99.99% interest.

New Market Tax Credits:

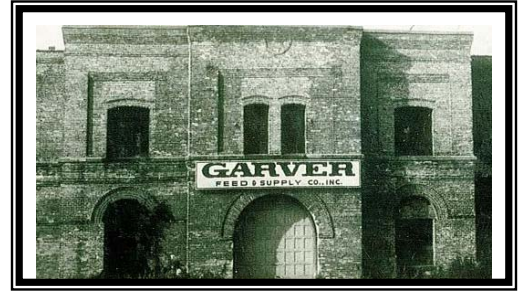
New Market Tax Credits (NMTC) are a seven year arrangement. Equity is raised in the form of a loan that is forgiven at the end of the 7 years. This arrangement was discussed in detail. It

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was estimated that there would be approximately \$150,000 to \$200,000 in professional fees to make this arrangement happen for the project.

Birke asked whether the Committee should specify in the RFP the types of ownership structures that would be acceptable. Sherry indicated that the committee should write into the RFP some mention of what end status the Committee would be comfortable with, specific to the ownership of the property.

Birke asked if the process should be started to get the building on the National Historic Register. Sherry indicated that would be a good idea.

V. Continuing Discussion of Criteria 30 Minutes

This was moved to the next meeting, due to the extended discussion of ownership arrangements.

VI. Discussion of Public Hearing Format 25 Minutes

It was noted that the Public Hearing could include some kind of discussion on the building, its status, the economics of the rehabilitation, and other background information.

McFadden indicated that he would like to have more than one Public Hearing. He also indicated that having a discussion about the economic realities of the building would be crucial to a Public Hearing. He indicated that he would like the public to comment on acceptable and unacceptable criteria during the public meeting. McFadden wanted a broad range of people to participate, have information on the status of the building, and to have the public provide information on things they find acceptable or unacceptable.

Things that could be included in a public hearing were discussed included:

- Slide show of the interior of the building
- Financial projections on rehab
- Preliminary list criteria

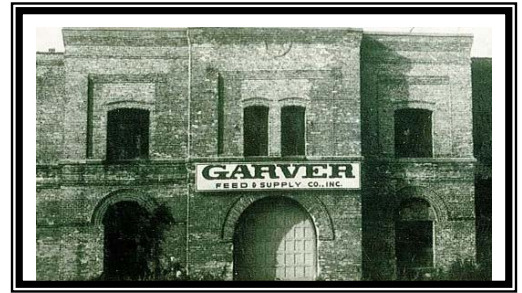
McFadden asked for one more meeting prior to the Public Hearing. He felt the next meeting could include development of a concrete plan for a Public Hearing, and closing the discussion on criteria. The committee agreed that a second public information meeting would be held at a future date to be determined.

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Olson indicated that she would be willing to work on a report that would frame the larger concepts and issues that would be discussed at the Public Hearing. A slideshow should also be prepared. Birke asked staff to prepare a financial model for presentation at this meeting.

It was noted that Roberta Sladky or Archie Nicolette might have some photos of the building inside and outside the structure.

VII. Next Steps (Set Next Meeting Dates)

5 Minutes

Tuesday, January 9, 2007 for a next committee meeting was proposed.

VIII. Adjourn

Motion to adjourn by Host-Jablonski, second by Birke to adjourn. Motion carried.

If you need an interpreter or require an accommodation, please contact this Department at 266-4635, TDD# 266-4747.